



DEPARTMENT OF THE ARMY
U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

1 AUG 96

CEAO

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Chief Financial Officers (CFO) Act Responsibilities for Real Property in the Corps

1. The FY 95 US Army Audit Agency CFO audit report is very positive on the progress of the Command in meeting the challenge of proper accounting for our real property. I applaud your efforts in this area. Our achievements thus far are due, to a great extent, to the group effort put forth in developing the initial inventory and the reconciliation of the real property data. Many of your staff have worked long and hard in meeting the requirements and I want to commend you and your staff in accomplishing the work successfully.
2. There will be new challenges required of you as we continue to improve record keeping and accountability. I know that you will meet these challenges and will continue to improve our real property accountability process. There has been considerable guidance provided in the past and it will continue to evolve. One thing is certain, we must establish a continuous process to ensure that all Corps controlled real property is inventoried, that the inventory data is recorded in the real estate system of record, and that the real property records are annually reconciled with the accounting system. Many districts are establishing quarterly reviews to ensure all transactions are maintained accurately. You will need to determine the appropriate oversight frequency depending on your work load and district requirements.
3. The real estate system of record (REMIS) is the subsidiary ledger for real property assets for the accounting system. Therefore, it is important to ensure that all real property data is recorded in REMIS. We have created reports in REMIS to enable you to reconcile the real property records with the COEMIS-F&A system, and we are testing the fully integrated REMIS/CEFMS system at SWD to ensure that we have a direct link to the general ledgers. This should provide you with the tools to make the inventory recording and reconciliation tasks less of a challenge. As new requirements are identified, the HQ's Real Property Task Group will work with the districts in identifying modifications to the modernized systems to adequately provide the tools to do the job.
4. Our goal is to have all the civil works and military accountable real property recorded in REMIS by September, 1996. This will accomplish several things:

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- a. It will provide a complete accounting of all the Command's real property;
- b. It will enable the Command to produce financial statements required by the CFO act that are supported by accurate and reconciled real property records;
- c. It will allow us to meet our annual GSA reporting requirement.

5. Any questions or concerns that may arise during the completion of your real property inventory/reconciliation process should be addressed to Mr. John E. Templeton, Chairman Facilitator, Real Property Work Group, CEAO, 202-761-0061.

For *Pat M. Stevens IV* COL, EN
PAT M. STEVENS IV
Major General, USA
Acting Commander
c/s

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DIRECTOR, MARINE DESIGN CENTER

DIRECTOR, WATER RESOURCES SUPPORT CENTER

DIRECTOR, WATERWAYS EXPERIMENT STATION

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SUBJECT: Real Property Inventory/Reconciliation Guidance for Chief Financial Officers (CFO) Act Responsibilities

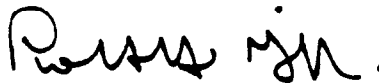
1. In an effort to assist you in meeting the real property inventory/reconciliation requirements of the Chief Financial Officers Act of 1990, the Real Property Work Group which consists of representatives from the Directorates of Real Estate, Resource Management, Logistics, and Civil Works, and the Audit office has been working to establish consistent definitions between these various groups so that we have minimum confusion and proper instruction. Our intent is to tie the past guidance and new guidance together as the corner stone of the real property accountable requirements within the Corps of Engineers.
2. The enclosed guidance is provided for your review and use. There will be some new definitions of what types of real property will be incorporated into our existing inventories. This will require that we review our records, and ensure that all revolving funded, project funded, or operations funded accountable real property is recorded in the official system of record. There will also be a requirement to capture structures and other facilities where we do not have title to the land but still maintain/operate the federal structure or facility. This will have a major impact especially in the coastal or great lakes districts, or with districts that have jurisdiction along the major navigation rivers, such as the Mississippi, Ohio, or Missouri. All accountable real property will be verified by the Real Property Accountable Officer, and the records will be maintained in REMIS, regardless of the cost of the property or the source of funding. The objective is to have a single source of data for the Corps of Engineers real property information.
3. There is a new emphasis to identify natural resource assets within the accounting system. The first type of asset that has been identified is timber reserves. ~~A group effort is needed to~~ determine how to meet this capitalization requirement without creating a resource intensive operation. The HQ work group is investigating the issue of how other agencies handle the accounting requirements. HQ will also look at how REMIS and CEFMS will provide the ability to capture the required inventory information, and how it may support the work effort. You should begin examining the materiality of your civil works project timber resources and be prepared to openly discuss this issue in the near future.

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(CFO) Act Responsibilities

4. Please feel free to provide any comments or issues with this document to Mr. John Templeton, Chairman Facilitator, Real Property Work Group, CEAO, 202-761-0061. Your reply would be appreciated NLT 30 August 1996.

FOR THE COMMANDER:



ROBERT H. GRIFFIN
Colonel, Corps of Engineers
Chief of Staff

Encl
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Real Property Definitions & Terms

Accountability. Accountability is the obligation of a designated person to keep an accurate record of property. Each district assigned a real estate mission will designate in writing a Real Property Accountable Officer (RPAO) (reference ER 405-1-12). The accountability will be maintained by the Real Estate organization in the district or operating division assigned the real estate mission, and it will be continuous from the time of acquisition of real property until disposal or transfer by USACE.

Donated Value. All donated real property should have an established value at the time of acquisition (ER 37-2-10). Generally, for all new acquisitions the appraised value is adequate for recording the donated value for accounting purposes. For historical projects where there is limited information, or a significant effort is required to research or determine the valuation information, districts will establish estimated values for the donated real property from sources such as existing project records, or documentation that would approximate a reasonable value for the donated property. A reasonable, documented approach will generally satisfy the audit requirements to determine an estimated value for donated real property. New appraisals are not required to determine the value of historic project donated real property, and should be avoided.

Inventory. Real property must be physically inventoried at least once every three years (reference AR 735-5). The real property accountable officer should perform an inventory to initially establish the accountable records, and may utilize other types of inspections to satisfy the periodic inventory requirements (reference ER 405-1-12). The inventory record will represent the total USACE controlled real property of the district or operating division. The District RPAO should periodically have the real property assigned responsible individual verify and certify the accuracy of the real property records. REMIS inventory reports should be used for this purpose. The RPAO will need to then periodically verify the accuracy by conducting a sample test of the database accuracy or have the District internal reviewer do it.

Lands. All Corps lands will be accounted for; i.e. all fee and lesser interests. To ensure accurate accounting of lands Table 2 should be used as the guide for the classification of a project and/or installation land. There may be additional land categories (reference Federal Property Management Regulations 101-3), but they will require a division review and exception. The land classification identifier will be the predominant use (more than 50%) of the entire project and/or installation. All project/installation acreage will be identified as urban or rural lands. Urban areas are defined as a densely populated area of greater than 2500 inhabitants.

Real Property. Real property consists of lands and capital improvements to land. It includes but is not limited to land; lesser interests in land; buildings (other than portable ones); structures; roads; railways; permanent utility systems (reference ER 405-1-12).

Real Property Accounting Identifier. Real property will be recorded at the time of acquisition or as the real property is placed in service, and assigned a unique identifier. Each accountable real property item will have a unique identifier for a project or installation. The real property accountable officer will be responsible for assigning the proper ID. This ID will follow the real property record through the entire life cycle of the real property process, i.e. acquisition, management, and disposal.

Real Property Costs. The costs for real property will be identified in the real estate system of record, and tied to the accounting general ledger. In the REMIS system there will be three possible values recorded for the real property item. Those three areas are:

1. Paid to Owner - money paid to owner for the title of the property.
2. Donated Estimated Value - an estimated value of the donated real property item at the time of acquisition.
3. Cost to Government - the administrative costs to acquire the property, or to prepare the property for government use. Examples of these costs are the relocation costs, cultural resource investigation costs, supervision and admin costs of construction, and real estate acquisition costs.

The sum of those three values will determine the value entered in the accounting system general ledger (placed in service).

Reconciliation. Real property reconciliation is the review of the real property records to ensure the cost of inventory items are reconciled against the capitalized project costs captured in the accounting system general ledger financial records. For purposes of reconciliation, the dollar amounts reflected in the accounting records under plant-in-service (General Ledger 101/cost features 01-19) will be the guiding costs for each feature, unless there is sufficient evidence of errors in capturing the correct costs. Typically the baseline project costs from the accounting system will include the administrative acquisition costs. REMIS will allow a real property record identified as ADMIN(XX) (where XX represents the feature code - e.g. ADMIN01 = Land Acquisition Costs, ADMIN02 = Relocations, ADMIN18 = Cultural Resource) to capture the difference from the actual costs paid and the additional administrative costs reflected in the accounting system. The reconciliation process should be accomplished annually at a minimum to ensure that any real property additions, corrections or disposals are accurately captured in REMIS, and the accounting system. The reconciliation should be accomplished by a multi-discipline group consisting mainly of Resource Management (Lead), Real Estate, Operations, Internal Review (Assistance Role), and other organizations as required to assist in the process.

USACE Controlled Real Property. The following are the types of accountable real property that should be included in the inventory (Reference ER 405-1-12).

1. Civil - All real property acquired or constructed for USACE civil works activities. This includes all fee, easement, and leasehold interests, as well as permanently affixed structures, and other capital improvements. Fee and easement interests will be recorded in REMIS, and leasehold interests will be recorded in RFMIS.

2. Military - Military real property under the administrative control of USACE.

a. Space acquired for DOD recruiting program to include recruiting offices and main stations. RFMIS will be the system to record the recruiting program data.

b. Real property acquired or constructed for a military command is to be accounted by that command until it is disposed. Therefore, the military real property of other commands would not be included in the district inventory. In those instances when HQUSACE approves the transfer of excess military real property to USACE pending disposal, then it is considered USACE controlled military, and will be included in the district's real property accountable inventory. To ensure accurate reporting of this type of property a special program indicator has been established to allow the 1166 reporting of the real property. The program account indicator is OMXX, and is described as military property controlled by USACE.

For the purpose of accounting for real property in the Corps of Engineers the following items should be accounted for in the REMIS system using the classifications in the following tables:

Table 1. Real Property Classification

Item	REMIS Real Property Record Type	GSA USAGE Type	Cost Account Feature	General Ledger
Lands	20 - Lands	**	01	101.21
Buildings	30 - Buildings	***	19	101.25
Cultural Resource Museums	30 - Buildings	29	18	101.25
Recreation Buildings	30 - Buildings	80	14	101.25
Cultural Resource Buildings	30 - Buildings	80	18	101.25
Port & Harbor Bulkheads	40 - Other Structures	13	12	101.22
Port & Harbor Jetties	40 - Other Structures	13	12	101.22
Port & Harbor Piers	40 - Other Structures	13	12	101.22
Port & Harbor Docks	40 - Other Structures	13	12	101.22
Port & Harbor Spoil Disposal Areas	40 - Other Structures	13	12	101.22
Port & Harbor Attendant Facilities	40 - Other Structures	13	12	101.22
Port & Harbor Revetments & Linings	40 - Other Structures	13	12	101.22

Item	REMIS Real Property Record Type	GSA USAGE Type	Cost Account Feature	General Ledger
Breakwaters & Seawall	40 - Other Structures	13	10	101.22
River Navigation Locks	40 - Other Structures	18	05	101.22
River Navigation Canal	40 - Other Structures	18	09	101.22
River Navigation Canal & Channel Dikes	40 - Other Structures	18	09	101.22
River Navigation Canal & Channel Bulkheads	40 - Other Structures	18	09	101.22
River Navigation Canal & Channel Jetties	40 - Other Structures	18	09	101.22
River Navigation Canal & Channel Spoil Disposal Areas	40 - Other Structures	18	09	101.22
River Navigation Canal & Channel Attendant Facilities	40 - Other Structures	18	09	101.22
River Navigation Dams	40 - Other Structures	18	04	101.22
River Navigation Docks	40 - Other Structures	18	09	101.22
River Navigation Piers	40 - Other Structures	13	09	101.22
River Navigation Canal & Channel Revetments & Linings	40 - Other Structures	18	09	101.22

Item	REMIS Real Property Record Type	GSA USAGE Type	Cost Account Feature	General Ledger
Flood Control Levees & Floodwalls	40 - Other Structures	18	11	101.22
Flood Control Pumping Plants	40 - Other Structures	18	13	101.22
Flood Control Reservoirs	40 - Other Structures	18	03	101.22
Flood Control Dams	40 - Other Structures	18	04	101.22
Power Plant	40 - Other Structures	15	07	101.22
River Bank Stabilization Dikes & Bulkheads	40 - Other Structures	18	16	101.22
River Bank Stabilization Revetments & Linings	40 - Other Structures	18	16	101.22
Utilities	40 - Other Structures	71	19	101.22
Roads & Bridges	40 - Other Structures	76	08	101.22
Railroads & Railroad Bridges	40 - Other Structures	77	08	101.22
Fish & Wildlife Facilities	40 - Other Structures	80	06	101.22
Recreation Other Structures & Facilities	40 - Other Structures	80	14	101.22
Cultural Resource Other Structures & Facilities	40 - Other Structures	80	18	101.22

Item	REMIS Real Property Record Type	GSA USAGE Type	Cost Account Feature	General Ledger
Grounds	40 - Other Structures	****	19	101.22

** See Table 2 for detail

*** See Table 3 for detail

**** See Table 4 for detail

Table 2. Lands Detail Classification

** GSA Land Usage Type	Land Type	Description
07	Forest & Wildlife	Conservation lands primarily administered for the preservation, protection, management, and development of timber, wildlife, watershed, and recreational sources.
08	Parks & Historic Sites	Land administered for historical parks, military parks, historical sites, and recreational areas.
10	Office Building Locations	Lands on which office buildings are located or are to be constructed.
11	Military	Land under the control of the Department of Defense (military functions).
12	Airfields	Land used for military airbases or stations, and military or civilian landing fields.
13	Harbor & Port Terminals	Land used for harbor and port facilities.
15	Power Development and Distribution	Land used for power development and distribution projects.
18	Flood Control and Navigation	Land used for flood control and navigation projects.
20	Institutional	Land used for institutional purposes such as hospitals, prisons, schools, libraries, chapels, and museums.
30	Housing	Land used primarily for public housing projects, military personnel quarters, and dwellings for other Federal personnel.
70	Research and Development	Land used directly in basic or applied research in the sciences, and in engineering.

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70	Research and Development	Land used directly in basic or applied research in the sciences, and in engineering.

Table 3. Building Detail Classification

*** GSA Building Usage Type	Building Type	Description
10	Office	Buildings primarily used for office space.
23	School	Buildings used primarily for formally organized instruction.
29	Other Institutional Use	Buildings used for institutional purposes; such as hospitals, libraries, chapels, museums.
30	Housing	Buildings used primarily for dwelling purposes; such as, apartment houses, barracks, and federal personnel.
40	Storage	Buildings used for storage purposes; such as warehouse, cover sheds, and garages. Do not include oil or gas storage tanks, water reservoirs - which should be reported under Other structures and facilities.
60	Service	Buildings used in connection with service activities; such as maintenance and repair shops, vehicle maintenance, park and recreational stores.
70	Research and Development	Buildings used directly in basic or applied research in science and engineering.

Table 4. Other Structure and Facility Detail Classification

**** GSA Other Structure and Facility Usage Type	Cost Account Feature	Other Structure and Facility Type	Description
72	19	Communications Systems	Include telephone, and radio towers.
73	09	Navigation Aides	Include structures which provide aircraft and ship navigation and traffic aids; such as, beacon lights, antenna systems, ground control approach systems, and obstruction lighting.
80	19	All Other	Includes sidewalks, parking areas, boat ramps, and recreational sites.